

**SUSTAINABLE
NATURAL
RESOURCE
FUNDING STUDY**



**SUSTAINABLE
FUNDING
FOR IOWA'S
NATURAL
RESOURCES**

**A Promise
to Iowa**

House File 2797(2006)

Sustainable Natural Resources Funding Study



- HF2797 passed by House & Senate, signed by Governor in 2006 session.
 - Created Advisory Committee (SFC) to study issue.
 - Agencies and organizations to be represented on the Advisory Committee.
 - Diverse stakeholders and legislators

Original Organizations

Named by Legislature, Appointed by Governor

- Sec. of Agriculture—rep. by Ken Tow, Dir., Div. of Soil Con., IDALS
- Iowa Natural Heritage Foundation—Mark Ackelson, President
- Ducks Unlimited—Tammi Kircher, IA DU Board Member
- Pheasants Forever—Dave Van Waus, Regional Biologist
- IACCB—Dan Cohen, Director, Buchanan Co. Cons. Board
- Iowa Farm Bureau—Barbara Finch, Story Co. Farm Bureau
- Iowa Farmers Union—Marvin Shirley, Board Member
- The Nature Conservancy—Lola Lopes, IA TNC Board Member
- Iowa Environmental Council—Rich Leopold, Director
- Iowa Renewable Fuels Association—Owen Shunkwiler, Board Member
- Sierra Club of Iowa—Jane Clark, Vice Chair
- Izaak Walton League of Iowa—Pauline Novotny, IA Board Member
- State Conservation Districts of Iowa—Deb Ryun, Ex. Director

Members Named and Appointed by Legislature

- Director, Iowa DNR: Rich Leopold (replaced Jeff Vonk Jan 2007)—serves as Committee Chairperson
- Iowa Senate: Dick Dearden (Dem., Des Moines)
- Iowa Senate: Mary Lundby (Rep., Marion)
- Iowa House: Henry Rayhons (Rep., Garner)
- Iowa House: John Whitaker (Dem., Hillsboro)



Report to be delivered to General Assembly by 03/01/07.

House File 2797: 4 Points reported to the Legislature

- 1. Information on what surrounding states have done to provide sustainable funding for natural resource conservation
 - Constitutionally protected fractional percentage of sales tax: MO, AR
 - Percentage of lottery revenue: MN, constitutionally protected: NE
 - In-Lieu-Of tax on lotto tickets: MN
 - Real estate transfer taxes: IL, AR

House File 2797: 4 Points reported to the Legislature (cont'd)

- 2. Outline of a conservation funding initiative agreed upon by the Advisory Committee.
 - Definition
 - Soil and Water
 - Fish, Wildlife, and Natural Areas
 - Parks and Trails
 - Funding Vehicles
 - How to distribute \$
 - Funding Mechanisms
 - How to get \$



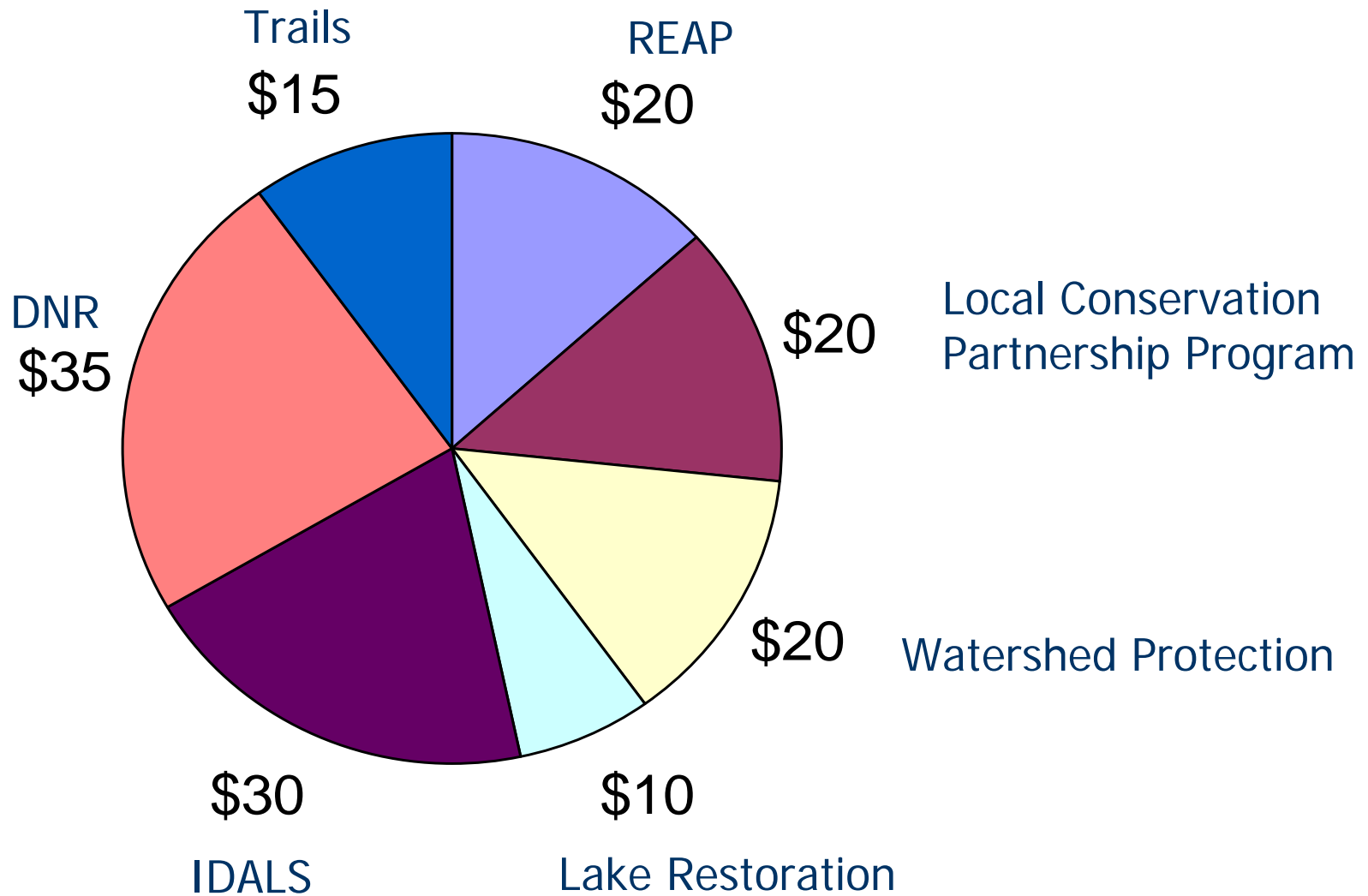
House File 2797: 4 Points (cont'd)

- 3. Outline of the amount of revenue needed and what would be accomplished if the conservation funding initiative is implemented.
 - \$150 million – conservative estimate
 - In addition to current spending

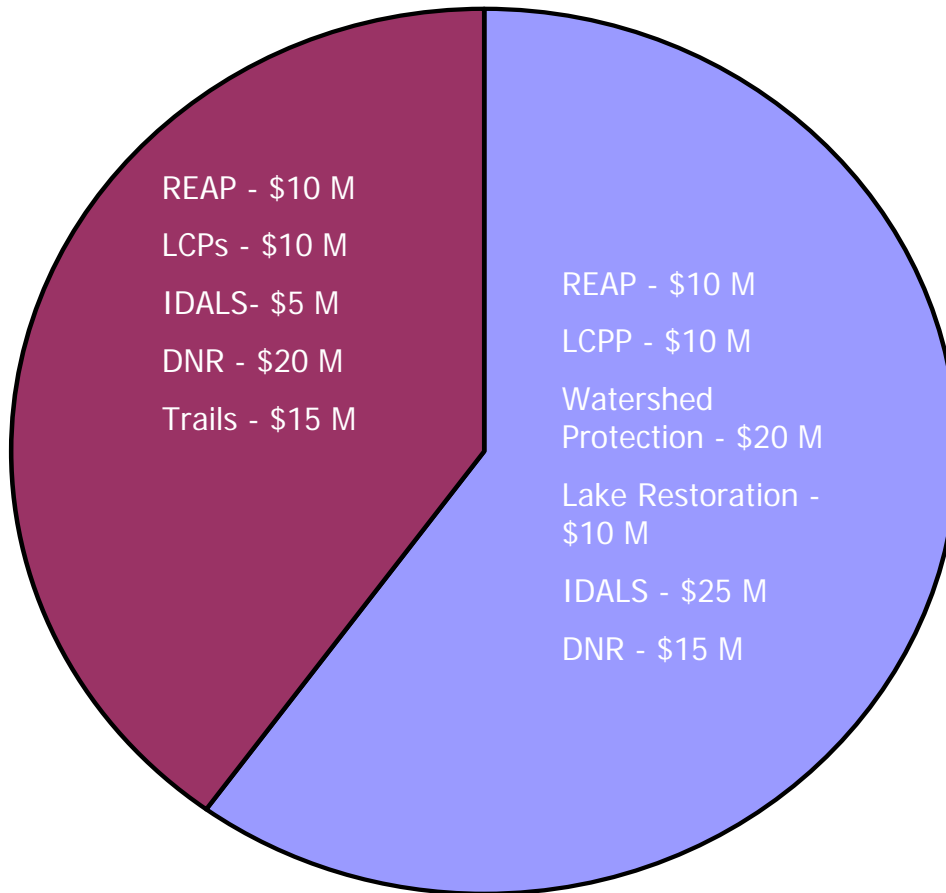
FUNDING VEHICLES (*\$ can leverage millions*)

- REAP (fully fund at authorized level+\$20M): \$20 M
- Local Conservation Partnership Program (counties, cities, conservation organizations): \$20 M
- Watershed Protection (multi-agency): \$20 M
- Lake Restoration (multi-agency): \$10 M
- Dept. of Natural Resources: \$35 M
- Dept. of Ag & Land Stewardship: \$30 M
- Trails: \$15 M

Revenue Required, in Millions



Estimated Portion of \$150 Million Relating to Water Quality



■ Water quality
related = \$90 M
(60%)

■ Other needs =
\$60 M (40%)

House File 2797: 4 Points (cont'd)

- Funding Mechanisms

- Over 40 were evaluated

- Dedication of existing sales tax, reallocation of existing infrastructure funds, real estate transfer tax, bio-fuels severance tax, water tax on large users, expanded use of underground storage tank remediation funds, gas tax, state excise tax on outdoor recreational equipment, park user fee increases, bottle bill expansion, tax on those who adversely affect the environment, tax on out-of-state users of water, bottled water tax, severance tax on all water-based exported products, severance tax on all energy producers, fossil fuel tax (including natural gas and coal), tax on storm water run off that adversely affects the environment, recreational vehicle registration fee allocation, etc., etc.

House File 2797: 4 Points (cont'd)

- Funding Mechanisms were reviewed through viability filters:
 - Committee narrowed to top 5 as possible options to explore further:
 - Utilize additional gambling and gaming revenues
 - Dedicate a fractional percentage increase in state retail sales tax
 - Dedicate a portion of lottery revenues
 - Create tax incentives/credits for conservation practices/actions
 - Bonding for long-term funding stability

House File 2797: 4 Points (cont'd)

- 4. Analysis of Iowa Citizens' willingness to pay for identified natural resource funding initiative.
 - *Committee deliberations open to the public.*
 - *Website created*
 - *ICN Public Input Meeting, 11/09/09 – 14 sites across Iowa*
 - 270 participants provided 213 comments
 - 195 mention general support for sustainable funding
 - 65 indicated support for "a tax" to provide needed funding (4 opposed a tax)
 - 162 volunteered to support & promote the concept of sustainable funding

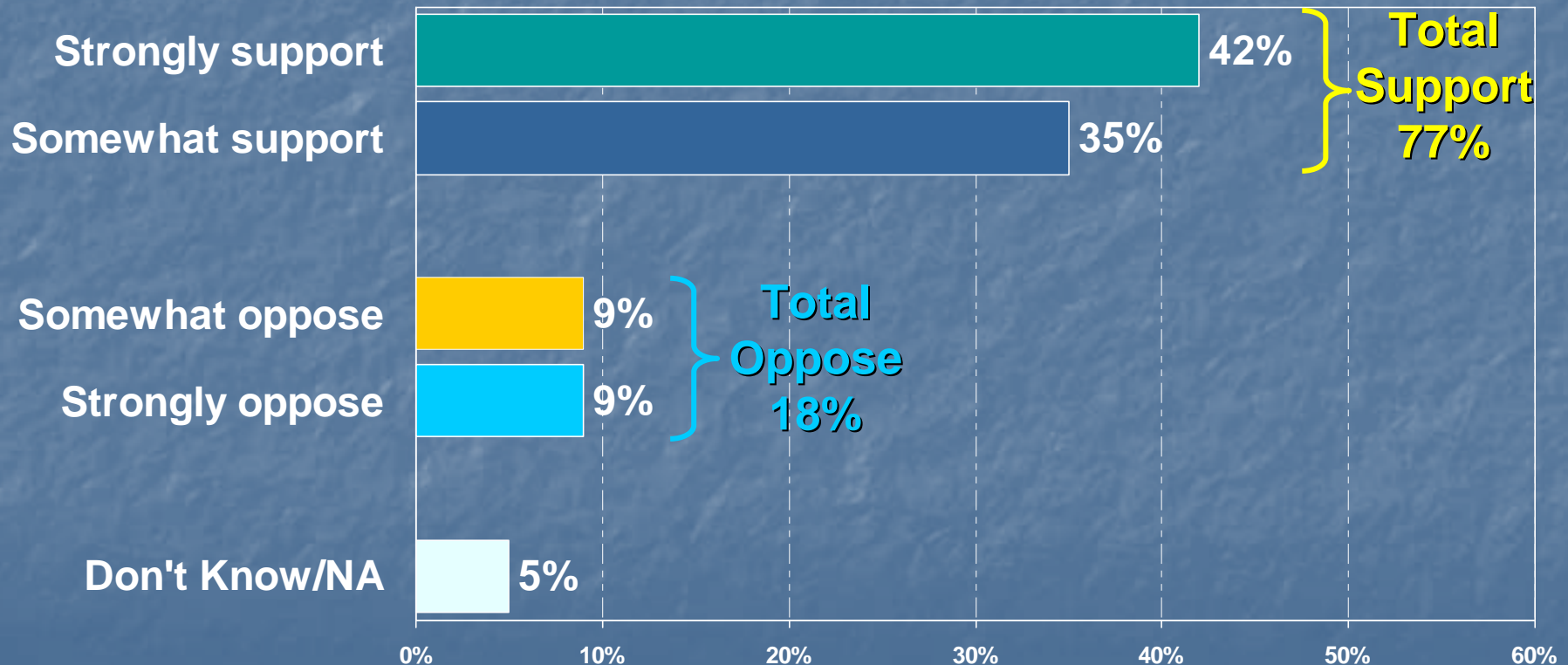
Random Survey of 800 Iowans taken in November, 2006

by: *Fairbank, Maslin, Maullin & Associates*

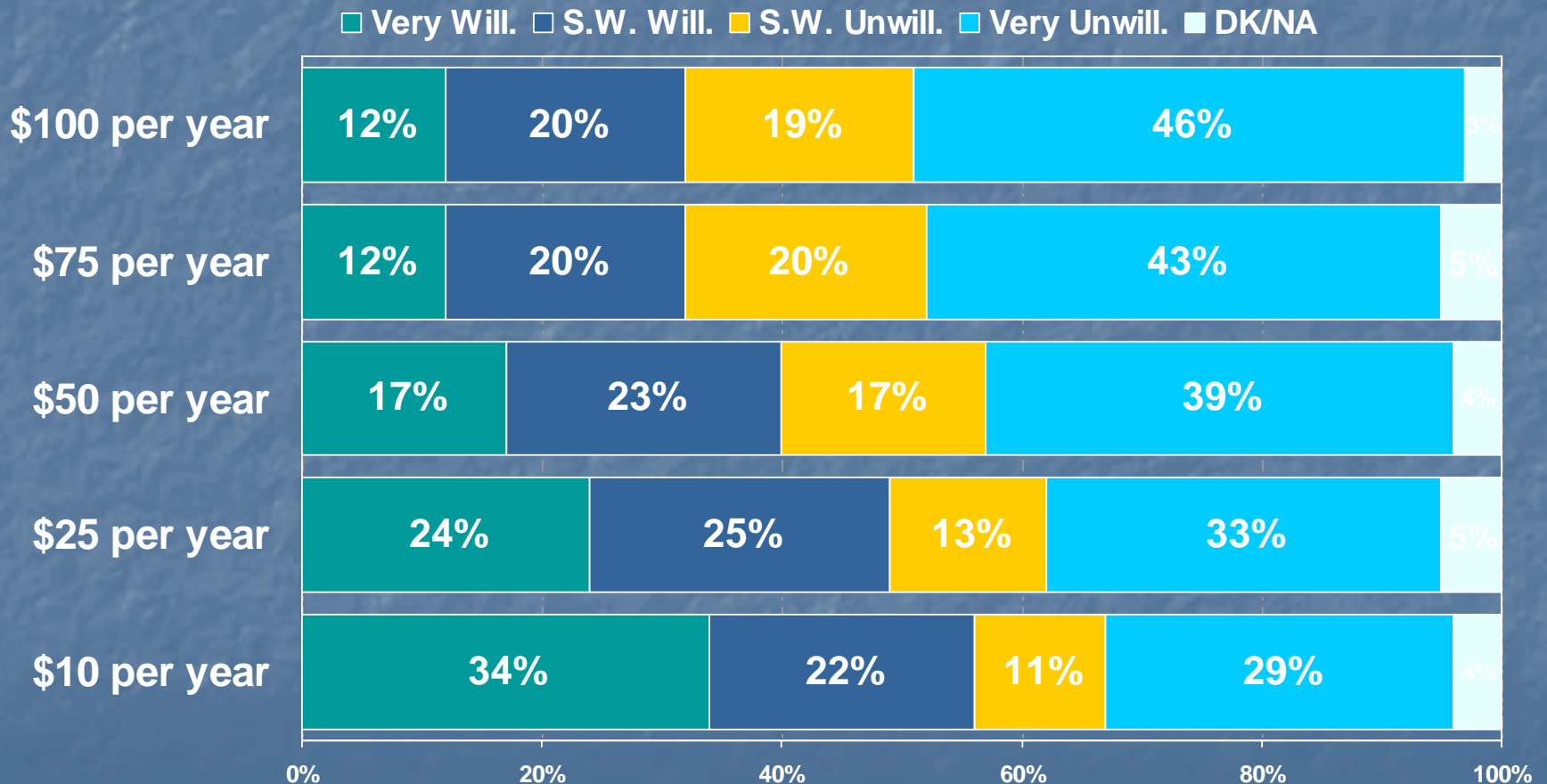
- Top environmental concern is water quality
- Iowans believe environmental conservation is a shared responsibility & benefits the economy
- 77% support dedicating additional public funds to conservation
- Most are willing to pay \$10-\$25 annually in additional taxes
- Conservation tax credits are strongly supported

In principle, Iowans overwhelmingly support additional funding...

Would you support or oppose dedicating additional public funding to programs to protect Iowa's land, water, and wildlife?



A plurality of Iowans are willing to pay \$25 a year in additional taxes for conservation.



11. More generally, would you be willing to pay _____ in additional taxes if it were dedicated to programs to protect land, water and wildlife in Iowa?

Senate Resolution-50 (2007)

SF Interim Study Committee created

- Legislative interest resulted in new legislation: Senate Resolution 50 was adopted 04/27/07.
 - SR50 requested the Legislative Council establish a Sustainable Natural Resource Funding Interim Study Committee (IC) to work with the Sustainable Natural Resource Advisory Committee.



Senate Resolution-50 (2007)

- The IC held 4 meetings:
 - 08/13/07: evaluate reports and recommendations for an economic impact study, peer panel, and funding mechanisms.
 - 11/01/07: SFC members, LSA Fiscal Services staff, and ISU presented to the IC.
 - 11/02/07: a peer panel of leaders from other states presented to the IC.
 - 01/28/08: the IC voted on recommendations for their report to the Legislative Council.

Good news from the Capitol!

On 01/28/08, the Interim Committee finalized their draft report which contained 5 recommendations:

- #1. Charitable Conservation Contribution Income Tax Credit
- #2: conservative amount of \$150 million is needed
- #3: SF Advisory Committee reauthorization
- #4: create a constitutionally protected trust fund
- #5: funding mechanism chosen-put dedicating 3/8 of 1 penny to the people for a vote

After thoughtful and thorough evaluation, inquiries, and discussion, the IC unanimously approved the report and 5 recommendations for presentation to the Legislative Council.

History-making news from the Capitol!

- On 02/21/08, **Senate Study Bill 3217**, a joint resolution proposing an amendment to the Iowa Constitution to protect a portion of state revenue ($\frac{3}{8}$ of 1 penny) for natural resources, was introduced – and passed the Senate Natural Resource Committee unanimously.
- **In follow up, legislators proposed SJR2002:**
A Joint Resolution proposing an amendment to the Constitution of the State of Iowa to dedicate a portion of state revenue from the tax imposed on certain retail sales of tangible personal property and services for the benefit of the state's natural resources.

History-making news from the Capitol!

On 04/25/08, SJR2002
overwhelmingly passed
the Senate and House!

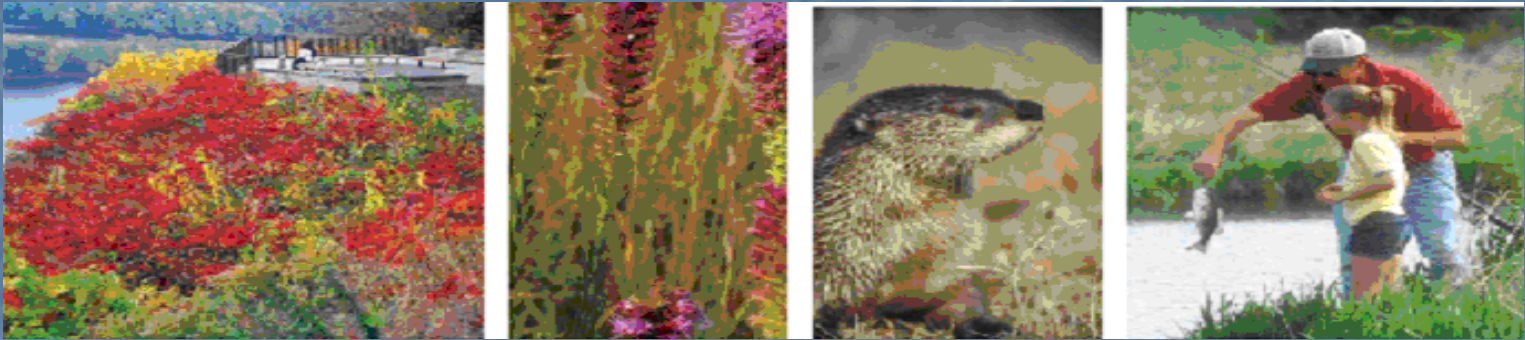
- Legislators also recognized the value of the SF Advisory Committee and reauthorized their work until 01/2010 under HF2580 which includes two additional groups to the SFC: LICA (Land Improvement Contractors Association) and IRR (Iowa Rivers Revival).

History-making news from the Capitol!

In Iowa, a constitutional amendment needs to pass two different General Assemblies before it can go to a vote of the people, which can occur as early as 2010. If the people pass the initiative, the 3/8 of a cent funding would occur the next time there is a sales tax increase.

The initiative is an opportunity for the people to vote to protect funding - it is not a request for a tax increase.

History-making news from the Capitol!



- Many states have spent years to get to this point. Fortunately for Iowa, it has been on the forefront of this issue with its leadership who understand the comprehensive value natural resources bring to the state.
- As we move forward,
there is still much work to be done.

You ask, "What Can I do?"



- Stay informed.
 - SFC work:
 - www.iowadnr.gov/sustainablefunding/index.html
 - Interim Committee work:
 - <http://www.legis.state.ia.us/aspx/Committees/Committee.aspx?id=212>
- Understand your local natural resource issues.
- Spread the word!

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